

Leasing Activities Questionnaire

General Questionnaire

1. Does the institution have objectives, policies, procedures, and controls specific to the leasing activity and are they adequate regarding:
 - Accounting designation of financial and operating leases?
 - Credit and accounting analysis?
 - Tax considerations for both lessees and lessors?
 - Collection and lease service record keeping?
2. Does the institution's board of directors review and approve these objectives, policies, procedures, and controls?
3. Has the board set limits for the leasing activity?
4. Does the board receive periodic reports on the performance and quality of the leasing portfolio?
5. Has counsel for the thrift, with expertise in leasing, reviewed the leasing activity? (In particular, counsel should closely scrutinize security agreements/ assignments, participation agreements and servicing contracts.)
6. Does the institution have adequate expertise in the individual leasing areas?
7. Does the institution refrain from undue reliance upon broker/seller/servicers to answer questions on lease pools?
8. Are seller/servicers making payments on lease pools, potentially masking problems?

Yes	No

9. Does the institution retain written documentation of initial underwriting and ongoing analysis?
10. Are lease financing and general leasing identified separately and distinctly, with accounting and tax criteria clearly identified?
11. Does the institution have an adequate procedure for financial analysis? (The institution should obtain financial information on lessees and lease servicers; and require regular updates as warranted, particularly for commercial accounts.)
12. Does the institution have proper controls for the maintenance of leasing records?
13. Does the institution retain on thrift premises or under the thrift's control lease files, including the original lease and security agreements?
14. Does the institution issue lease commitments in writing?
15. Does management monitor and report to the board of directors delinquent lease payments?
16. Does the institution take appropriate collection action on delinquent lease accounts? ..
17. Does the institution place delinquent lease accounts in non-accrual status as required in the TFR instructions and GAAP?
18. Does the institution appropriately note, value, book, and control repossessions?
19. Do qualified thrift personnel complete valuation reports on repossessed property from an independent party or source?
20. Does the institution ensure the control, inspection, maintenance, and insurance of lease property?

Yes	No

Exam Date: _____

Prepared By: _____

Reviewed By: _____

Docket #: _____

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	Yes	No		Yes	No
21. Does the institution use reliable techniques to estimate the value of the property at the end of the lease term? Does the institution adequately support the estimate?.....			25. Did the institution properly assess the Allowance for Loan and Lease Losses for the lease portfolio?		
22. Did the thrift determine the true rate of return on the lease portfolio? Does that return provide adequate risk compensation?			26. Are lending or other transactions with principals of a lease broker/servicer appropriate?.....		
23. Does the institution obtain and review audited financial statements on seller/servicers of lease pools?			27. Are there indications that the lease broker has cash flow problems such as an altered business strategy or lease sales to individual investors?.....		
24. Does the thrift aggregate leases with the institution's other extensions of credit and limit them in accordance with loans-to-one-borrower rule § 560.93? Do the leases constitute an unacceptable credit concentration?.....			28. Is there a high number of out-of-area leases in the portfolio, rendering collections difficult and expensive?		

Comments

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